



# COBRA

KENTUCKY EMPLOYEES' HEALTH PLAN

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Q: WHAT IS COBRA (CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT OF 1986)?

A: COBRA is a federal law that requires all employers to provide continuation of medical coverage at group rates in certain instances where there is a loss of group insurance coverage.

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Q: WHAT DOES COBRA DO?

A: COBRA contains provisions giving former employees, former employees, spouses, former spouses and dependent children the right to temporarily continue health coverage at group rates. This coverage is only available when coverage is lost due to certain specific COBRA Qualifying Events.

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Q: WHO IS ENTITLED TO BENEFITS UNDER COBRA?

A: A qualified beneficiary is an individual covered by a group health plan on the day before a COBRA qualifying event occurs who is either an **employee**, the **employee's spouse**, or an **employee's dependent child**.

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Q: WHEN SHOULD COBRA BE OFFERED?

A: The COBRA qualifying events for employees are:

- \* Voluntary or involuntary termination of employment for reasons other than gross misconduct
- \* Reduction in the number of hours of employment (that results in benefits termination)
- \* Transfer to an external employer

The COBRA qualifying events for spouses are:

- \* Voluntary or involuntary termination of the covered employee's employment for any reason other than gross misconduct
- \* Reduction in the hours worked by the covered employee (that results in benefits termination)
- \* Covered employee's becoming entitled to Medicare
- \* Divorce or legal separation of the covered employee
- \* Death of the covered employee
- \* The qualifying events for dependent children are the same as for the spouse with one addition:
- \* Loss of dependent child status under the plan rules

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Q: WHO ADMINISTERS COBRA COVERAGE?

A: Ceridian is the third party administrator for COBRA benefits for the Kentucky Employees' Health Plan. Insurance Coordinators/Human Resource Generalists must log onto the Ceridian website @ [www.ceridian-benefits.com](http://www.ceridian-benefits.com) to notify Ceridian of any COBRA qualifying events.

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Q: HOW DO I GET ACCESS TO THE CERIDIAN WEBSITE?

A: Sherry Davis is our Ceridian liaison for KEHP. If you do not have a password for Ceridian, please contact Sherry at 502-564-5612 or [sherryj.davis@ky.gov](mailto:sherryj.davis@ky.gov).

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## TIMEFRAME FOR COBRA

- \* Employers (through their ICs/HRGs) must notify the plan's COBRA administrator (Ceridian) within 30 days after a COBRA Qualifying Event occurs
- \* The plan administrator (Ceridian) must send the election within 14 days to the qualified beneficiary (i.e. Planholder or dependent) after receiving the information via WebQe
- \* The qualified beneficiary has 60 days to elect COBRA and an additional 45 days to make the first payment



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## COBRA COMPLIANCE

- \* COBRA Notification is a federal requirement
- \* Every IC/HRG is responsible for offering COBRA when members experience a loss of coverage
- \* Information is available on KEHP website at [kehpnky.gov](http://kehpnky.gov)

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## BEST PRACTICE FOR COBRA COMPLIANCE

- \* Terminate employee in KHRIS – enter information into Ceridian WebQE for COBRA
- \* Send in a Qualifying Event to EIB – enter information into Ceridian WebQE for COBRA
- \* When in doubt – ASK – Contact Sherry Davis

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Q. WHAT HAPPENS IF A QUALIFIED BENEFICIARY IS NOT OFFERED COBRA?

A. Failure to provide timely and accurate election notices can result in penalties to the employer from DOL and the IRS. Penalties to the **EMPLOYER** can range from monetary fines from the federal government to actual claim costs for members who were not provided COBRA notice. This penalty could be in addition to any attorney's fees and court costs.

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## ADDITIONAL INFORMATION

- \* Carrier codes used for Ceridian are located in the KEHP Insurance Administration Manual located at [www.kehp.ky.gov](http://www.kehp.ky.gov)
- \* You will first locate the county where the member lives and the coordinating area (LEX, LOU, NKY), then refer to the carrier code chart and that will determine the appropriate carrier code for the member

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## ADDITIONAL INFORMATION

- \* When entering those who WAIVE (HRA participants) the drop down menu under “other” in the plan section of Ceridian is where those options are located
- \* A brief instructional PDF for the Ceridian WebQE is located at  
<http://personnel.ky.gov/NR/rdonlyres/4A20A8C9-D19C-445A-86EE-EE5E58CFF8F6/o/CeridianTraining.pdf>